

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF BOISE MERIDIAN)	APPEAL NO. 06-A-2013
CHURCH OF GOD from the decision of the Board of)	FINAL DECISION
Equalization of Ada County for tax year 2006.)	AND ORDER

RELIGIOUS EXEMPTION APPEAL

THIS MATTER came on for hearing August 30, 2006, in Boise, Idaho, before Presiding Officer Lyle R. Cobbs. Board Member David E. Kinghorn participated in this decision. Treasurer Kathy Shaffer appeared for Appellant. Attorney Gene Petty appeared for Respondent Ada County. This appeal is taken from a decision of the Ada County Board of Equalization denying an exemption claim for taxing purposes on property described as Parcel No. S1128417357.

The issue on appeal is whether a portion of the subject property qualifies for an exemption from property taxes pursuant to Idaho Code § 63-602B, the religious exemption.

The decision of the Ada County Board of Equalization is reversed.

FINDINGS OF FACT

For 2006, the County fully assessed the subject property with a value determination of \$3,388,300. The assessment has residential and commercial (church) categories. The residential categories total \$185,200. The balance is assigned to commercial land and improvement categories. Appellant requests a partial exemption where only the residential property would be assessed and the balance of the property would be exempt.

The subject property is 9.187 acres and improved with Appellant's large church building, parking areas, and associated improvements, and in one corner of the site is located the older smaller residence. The County determined .187 acres was used by the house for residential

purposes.

In recent years, the residence was used and exempted as a parsonage. In 2005 the house was rented, and remained rented through the first half of 2006, for about \$400 per month to a couple who work as onsite caretakers for the church property. The rental rate on the house is reduced about \$200 per month for the caretaker services. Appellant noted the house rental is not for profit and the proceeds are funneled into the church's general fund. The church also expressed its surprise at having the entire property assessed at market value because of the residence use. It expressed no prior knowledge of the law and how Ada County would apply it to the present circumstances.

During the county level proceedings, Appellant was told by the County that splitting the subject property into two parcels, with the residence on one and the church on the other, would allow for the tax treatment being sought. However the County indicated such a split could not be retroactively applied for the 2006 tax year which is dependent on the status of the property as of January 1, 2006. Appellant stressed at the state level hearing that it wished to do what was right, but that payment of the full asserted tax bill would be a hardship.

Respondent denied any exemption to subject where a portion of the property, i.e. the rented residence, was used for other than religious (exempt) purposes. It contends Idaho Code § 63-602B does not provide for, or permit, the legal means to prorate an assessment between exempt and nonexempt uses. The County noted other exemption statutes, like the charitable exemption in Idaho Code § 63-602C, do specifically outline procedures and standards for a proration. Where the County did not interpret the religious exemption to allow a proration, subject's full exemption was removed for the 2006 tax year.

On ownership, Respondent admits Appellant is a religious organization within the meaning

of the religious exemption statute. Further, the County contends it is only the residential use of subject property that is at odds with the statute.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value or exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

The claim for exemption is made under Idaho Code § 63-602B (2006), titled "Property exempt from taxation -- Religious corporations or societies". The text of the statute provides in full as follows.

The following property is exempt from taxation: property belonging to any religious corporation or society of this state, used exclusively for and in connection with public worship, and any parsonage belonging to such corporation or society and occupied as such, and any recreational hall belonging to and used in connection with the activities of such corporation or society; and this exemption shall extend to property owned by any religious corporation or society which is used for any combination of religious worship, educational purposes and recreational activities, not designed for profit.

The County denied the entire subject parcel an exemption because a small part was not used for qualifying religious purposes as described above. In so doing, and as suggested by its legal arguments on appeal, the County has equated the broad term "property" within the statute, with the more particular term "parcel." Parcel relates more to a specific ownership boundary.

The term property should not automatically be considered synonymous with the term parcel. Property has a singular and plural sense. In general public usage, as well as in tax assessment, the term can refer to a part of a parcel or to multiple parcels. Review of the exemption statutes will reveal ownership and use are often the standard, as present with the

religious exemption. To have a “parcel” be the binding or determinative property boundary would be by coincidence or as specifically provided by law.

The Church has applied for an exemption on a portion of a parcel (property holding.) The Assessor has identified the different property portions and their respective values by category assignment (Appellant’s Exhibit No. B.) It was undisputed that the portion for which exemption is sought is used exclusively for qualifying religious purposes. This same property was also stipulated to meet the ownership test within the statute. The Board finds the law is quite clear, chiefly that property duly used and properly owned shall be extended an exemption. The Board finds it unnecessary and unintended that this church needs to legally split (subdivide) this parcel in order to qualify for the Legislatively envisioned religious exemption.

For the reasons expressed above, the Board will reverse the decision of the Ada County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Ada County Board of Equalization concerning the subject parcel be, and the same hereby is, reversed to reflect an exemption grant on the categories identified as commercial (see Appellant’s Exhibit No. B.)

IT IS FURTHER ORDERED that any taxes which have been paid in excess of those determined to have been due be refunded or applied against other *ad valorem* taxes due from Appellant.

DATED this 9th day of February , 2007.